

Stock Code: 000019, 200019

Public Notice No.: 2017- 23

Short Form of the Stock: Shenshenbao-A, Shenshenbao-B

Shenzhen Shenbao Industrial Co., Ltd.

Summary of Semi-Annual Report 2017

I. Important Notice

The summary is abstract from full-text of annual report, for more details of operating results, financial condition and future development plan of the Company; investors should found in the full-text of annual report that published on media appointed by CSRC.

Prompt of non-standard audit opinion

Applicable Not applicable

Profit distribution pre-plan of common stock or capitalizing of common reserves pre-plan deliberated by the Board in the reporting period

Applicable Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve.

Profit distribution pre-plan of preferred stock deliberated and approved by the Board in the reporting period

Applicable Not applicable

II. Basic information of the company

1. Company profile

| | | | |
|----------------------------|---|---|----------------|
| Short form of the stock | SHENSHENBAO-A, SHENSHENBAO-B | Stock code | 000019, 200019 |
| Stock exchange for listing | Shenzhen Stock Exchange | | |
| Person/Way to contact | Secretary of the Board | Rep. of security affairs | |
| Name | Li Yiyao | Huang Bingxia | |
| Office add. | 8/F, Tower-B, Building 4, Technology Park Nanshan Software Base, Nanshan District, Shenzhen | 8/F, Tower-B, Building 4, Technology Park Nanshan Software Base, Nanshan District, Shenzhen | |
| Tel. | 0755-82027522 | 0755-82027522 | |
| E-mail | lyy@sbsy.com.cn | huangbx@sbsy.com.cn | |

2. Main financial data and index

Whether it has retroactive adjustment or re-statement on previous accounting data or not

Yes No

| | Current period | Same period of last year | Changes over last year |
|---|-----------------------|--------------------------|-------------------------------|
| Operating revenue (RMB) | 138,158,382.95 | 149,155,529.71 | -7.37% |
| Net profit attributable to shareholders of the listed Company(RMB) | -17,759,776.83 | -15,099,180.63 | -17.62% |
| Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses(RMB) | -19,357,560.01 | -20,333,457.37 | 4.80% |
| Net cash flow arising from operating activities(RMB) | -50,432,648.15 | 31,597,947.36 | -259.61% |
| Basic earnings per share (RMB/Share) | -0.0357 | -0.0304 | -17.43% |
| Diluted earnings per share (RMB/Share) | -0.0357 | -0.0304 | -17.43% |
| Weighted average ROE | -1.74% | -1.63% | -0.11% |
| | End of current period | End of last year | Changes over end of last year |
| Total assets (RMB) | 1,121,549,159.24 | 1,178,543,725.30 | -4.84% |
| Net assets attributable to shareholder of listed Company(RMB) | 991,427,598.24 | 1,031,768,388.87 | -3.91% |

3. Amount of shareholders and particulars about shares holding

In Share

| Total common stock shareholders in reporting period-end | 76,987 | Total preference shareholders with voting rights recovered at end of reporting period (if applicable) | 0 | | | |
|---|--------------------------|---|-------------------|----------------------------------|--------------------------------|--------|
| Particulars about shares held top 10 shareholders | | | | | | |
| Full name of Shareholders | Nature of shareholder | Proportion of shares held | Total shares hold | Amount of restricted shares held | Number of share pledged/frozen | |
| | | | | | State of share | Amount |
| Shenzhen Agricultural Products Co., Ltd | Other | 19.09% | 94,832,294 | 15,384,832 | | |
| Shenzhen Investment Holding Co., Ltd | State-owned legal person | 16.00% | 79,484,302 | 13,431,784 | | |
| Sun Huiming | Domestic nature person | 0.69% | 3,403,262 | 0 | | |
| Xiamen International Trust Co., Ltd. – Xinjin | Other | 0.37% | 1,831,291 | 0 | | |

| | | | | | | |
|---|---|-------|-----------|---|--|--|
| No.7 Security Investment Trust Fund Plan | | | | | | |
| Hu Xiangzhu | Domestic nature person | 0.35% | 1,760,000 | 0 | | |
| Central Huijin Asset Management Co., Ltd. | State-owned legal person | 0.30% | 1,472,625 | 0 | | |
| Li Qian | Domestic nature person | 0.29% | 1,432,378 | 0 | | |
| Zhang Yue | Domestic nature person | 0.28% | 1,390,807 | 0 | | |
| Xu Yanhui | Domestic nature person | 0.22% | 1,072,500 | 0 | | |
| Ye Xiuxia | Domestic nature person | 0.20% | 1,000,230 | 0 | | |
| Explanation on associated relationship among the aforesaid shareholders | Shenzhen SASAC directly holds 28.76% equity interests of Agricultural Products, indirectly holds 5.24% equity interests of Agricultural Products and directly holds 100% equity interests of Shenzhen Investment Holding; the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company. | | | | | |
| Explanation on shareholders involving margin business (if applicable) | N/A | | | | | |

4. Change of controlling shareholder or actual controller

Changes of controlling shareholders in reporting period

Applicable Not applicable

The Company had no changes of controlling shareholders in reporting period

Changes of actual controller in reporting period

Applicable Not applicable

The Company had no changes of actual controller in reporting period

5. Total preferred stock shareholders of the Company and shares held by top ten shareholders with preferred stock held

Applicable Not applicable

No preferred stock in reporting period.

6. Corporate Bonds

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due

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III. Discussion and analysis of the operation

1. Brief of the operation in Period

Dose the Company need to comply with disclosure requirements of the special industry

Yes No

During the reporting period, the company spared no efforts to implement various management measures, strived to consolidate the industrial base and enhance the industrial value, combined with the existing industrial layout and market development trends, initially determined the strategic direction of health industry, and focused on the existing business development planning to adjust and comb the business model, improved the strategic orientation, further promoted the scientific and technological innovation, and vigorously expanded the main business, and enhanced the profitability and core competitiveness of the enterprise.

As the core driving force for the scientific research and industry development, the company's technology center determined the “development of healthy and functional tea and deep processing products” project in the first half of the year, and continued to strengthen the development of application products, put forth efforts to open the production and research and efficiency channels, accelerated the transformation of scientific research achievements, and provided reviving function for the development of industrial chain, in the first half of 2017, it totally researched and developed 21 new tea products which were approved by the customer, and completed the applications for 8 government projects. All business sectors developed smoothly, the deep processing division spared no efforts to expand export business and orders were basically stable, and achieved outstanding results in reducing consumption and increasing efficiency, optimizing supply chain and strictly controlling costs; Hangzhou Ju Fang Yong continued to expand commercial channels and innovate products, took Longjing tea and small gift business as channels for brand interaction and cooperation with outstanding platforms and resources in the industry by “offline store drainage and online precipitation” so as to promote the brand awareness and gradually increase the performance; In April 2017, Hangzhou Ju Fang Yong set up Hangzhou Fu Hai Tang Restaurant Management Co., Ltd. to operate the fast drink business of Fu Hai Tang, increased the species richness and diversification of store products by developing light food and fruit tea products, increase the units per transaction, promoted the performance enhancing, and tried out to open the chain system to expand customers at the same time, and has consulted and completed the cooperation matters with some customers at present; In July 2017, Teabank became the company's wholly-owned brand after confirming the stock right assigning, and the business model of Shenbao Teabank has preliminarily established. During the reporting period, the company continued to integrate resources for various industrial service platforms and broaden the enterprise's sustainable development space, at present, it has completed the integration of all e-commerce platforms of Shenbao, gathered

and centralized the scattered network flow of all business sectors by online exhibition sales and marketing of tea and derivatives, and promoted the value conversion. In the first half of the year, the company initially completed the brand integration work, set up Shenbao Teabank for the collection and operating of fine tea business, the relevant work at earlier stage has been completed at present, and the company has implemented the product development and production plan of the first batch of retail tea for external sales.

In the first half of 2017, the company achieved total operating income of RMB 138,158,382.95, a decrease of 7.37% over the same period last year; achieved operating profits of RMB -21,509,006.38, an increase of 16.66% over the same period last year; and achieved net profits attributable to shareholders of listed companies of RMB -17,759,776.83, a decrease of 17.62% over the same period last year. The main reasons for the changes in net profits attributable to shareholders of listed companies were that the operating income in the current period decreased compared with the same period of last year, the company received settlement payment in the same period of last year but didn't in the current period, and the non-operating income decreased compared with the same period of last year.

2. Relevant items involving financial report

(1) Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last fiscal period

Applicable Not applicable

On 10 May 2017, Ministry of Finance issued the Notice of Revised the Accounting Standards for Business Enterprise No.16 – Government subsidy (Cai Kuai [2017] No.15), and will carry into effect since 12 June 2017. According to the Standards: the government subsidy with routine operation activity concerned will reckon in other income or reducing relevant costs expenses in line with the economic substance; the government subsidy without routine operation activity concerned will reckon in non-operation income and expenditure. The item of “other income” above the “operation profit” in profit statement must be listed separately for the government subsidies reckon in other income. As for the Standards enactment or amendment, the original accounting policy should be changed correspondingly and the Company will carry out the above mentioned Standards since the valid date. Impact on current financial statement: interest expenditure (in financial expenses) decreased 383,100.00 Yuan; item of non-operation revenue decreased 383,100.00 Yuan.

(2) Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company

(3) Particulars about the change of consolidation range compared with the financial report of last fiscal period

Applicable Not applicable

The Company had no change of consolidation range in reporting period.

Shenzhen Shenbao Industrial Co., Ltd.

Chairman: Zheng Yuxi

28 August 2017